

Established Programs Financing

Party we agreed with the block funding system, having seen the agreement arrived at between the federal and provincial governments. We supported it at the time. It was only after that, not once but twice, that the federal Government broke that contract unilaterally. That we disagree with.

If the Hon. Member listened to the latter part of my speech, he would know that I said that what is needed is for the federal and provincial governments to overcome their incessant fighting or laying the blame on one another in this field and in a number of other fields.

I see no reason why there should not be accountability. I have no argument with it at all, but I want the Hon. Member to understand that when the money is transferred and when an agreement is reached, one of the two parties to the agreement should not be able to step in half-way through and change it unilaterally.

Mr. Cullen: I agree in part with the Hon. Member. What concerns me—and I must say that I am being as objective as possible on this—is that it is very difficult for us to defend a situation where we make money available specifically for education under this particular Act and we find that it is not used for that particular purpose.

The Hon. Member talked about the federal Government unilaterally breaking the contract. Whether or not it is written in the contract, the fact is that under this particular Act when money is provided by federal taxpayers out of income taxes and is meant to be used for education but is used for highways, it is somewhat difficult to return to one's riding and listen to the onslaught of provincial members who say that we are underfunding education when the fact of the matter is that the money we provide, even if it is not enough, is not used for education.

● (1510)

Miss MacDonald: Mr. Speaker, the Hon. Member will be aware that in 1978 there was a federal task force on federal-provincial fiscal relations. They took a good look at the question of accountability; in fact they agreed with it. At the same time, they made as close an analysis as possible of whether or not funds were being diverted, as the Hon. Member suggested. They could find no evidence of that. If the Hon. Member can stand up and prove it, I can tell him that the task force could not find such proof.

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, the Hon. Member for Kingston and the Islands (Miss MacDonald) is correct. The Hon. Member for Sarnia-Lambton (Mr. Cullen) would have a great deal of difficulty proving his last statement, that funds moving toward health care and post-secondary education have been diverted by provinces to building highways. He would have a great deal of difficulty proving that. In fact, if he looks at the provincial—

Mr. Cullen: Mr. Speaker, I rise on a point of order. I did not wish to mislead the House that the funds were being used for

highways or anything like that. They simply were not being used for education, but were being used for other purposes.

Mr. Schellenberger: I will accept that correction. Many provinces have found that their costs for education and health care have skyrocketed. Health care costs have increased far more rapidly than education costs. It is very important to decide what is more important to society, a person's health, or educating our young people and retraining others.

If we look at the serious difficulties that both the federal and provincial governments are having in financing the demands being placed upon them, we recognize that it is not important to the taxpayer whether the money needed to provide adequate health care or education comes from the federal or the provincial government. It is still a burden to that taxpayer. He very seldom finds it necessary to discern whether he is paying that tax dollar to the provincial or federal government. All he knows is that it is deducted from his cheque to provide various services.

When we look at the deficits, we find it is absolutely essential, whether it is in the federal House or in the provincial House, to look at the manner in which spending is being carried out. Two areas where spending is of greatest concern are education and health care. We have only two choices, either maintaining the present system of service and at the same time looking for ways of eliminating unnecessary expenditures, or not maintaining the present systems of health care and education. Many Members in the House have said that if we do not have the present level of funding in both of these areas, the only alternative will be to have less service. That frightens all of us because we recognize that this country is entering an era when it is essential that we have highly educated people in order to compete in a very highly technological world so that we can maintain the standard of living we enjoy at this time.

We all know that the federal deficit this year will be in the range of \$29 billion. One would think that because of that, the logic of the federal Government is that we have to eliminate expenditures, and one way of doing that is to save \$383 million in the next couple of years by indexing the tax portion that goes to the provinces for post-secondary education because the provinces have a lot of room in their expenditures to take up the difference. That is just not the case.

Only three provinces in Canada are not presently running deficits. Some run substantially high deficits. Alberta, Saskatchewan and Manitoba are in the pleasant position of having some extra revenue because of oil and gas. This year Alberta has run a deficit of \$800 million, if you do not consider what it had to take out of the Heritage Trust Fund it set up some years ago for future developments in the province when conventional oil and gas runs out. The budgetary account surplus deficit position of the provinces is not all that great. It does not have the funds to take up the difference in this area.

The task force on federal-provincial fiscal arrangements recognized this. It said that it is important in a federal system that each order of government have a life of its own and